



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 16, 2007 REPORT NO: 07-081 REV.
ATTENTION: Council President and City Council
Docket of May 21, 2007
SUBJECT: Engineering Business Process Reengineering
REFERENCE: Engineering Business Process Reengineering Final Report

REQUESTED ACTION:

No Action on Business Process Reengineering Report requested at this time. Report provided to substantiate position reductions in the proposed FY08 Budget Submittal.

BACKGROUND

The Mayor has commenced BPR efforts to improve efficiencies, reduce the cost of City government and to maximize the services offered to our residents. BPR focuses on optimizing the efficiency and effectiveness of operational processes and functional work groups. The Engineering BPR Study was a comprehensive assessment of engineering core functions and processes spread among various departments. Over a six month period, the Engineering BPR team of more than 100 City employees and others examined the existing processes across the varied engineering functions performed throughout the City of San Diego. The detailed process review was completed for five functions (asset planning, design, construction, development support and operations & maintenance) over five asset classes (pipelines, buildings, parks/non-buildings, transportation/roadways, and process facilities like water and sewer treatment plants, pump stations, and reservoirs). They developed a new consolidated structure including an innovative matrix organization with a new project implementation and technical services function, streamlined processes, drafted key performance measures, and identified the implementation actions required to put the BPR recommendations into place.

Engineering BPR activities included business process mapping, process cost analysis, development of improvement ideas, benchmarking with other agencies, developing performance measures, and examination of best business practices. Along with employees, labor representatives from MEA participated and contributed to this comprehensive review.

With full implementation of the BPR recommendations, the result will be a more effective and streamlined organization with centralized processes and enhanced service levels. The new organization will be poised to manage a widely varying workload level, without the staffing

examination of best business practices. Along with employees, labor representatives from MEA participated and contributed to this comprehensive review.

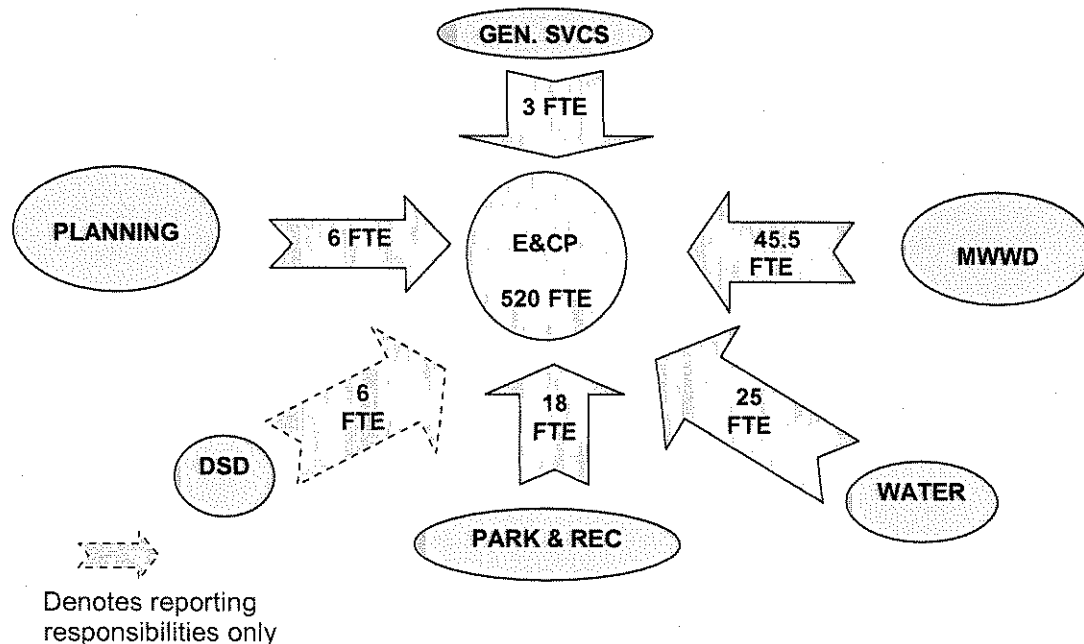
With full implementation of the BPR recommendations, the result will be a more effective and streamlined organization with centralized processes and enhanced service levels. The new organization will be poised to manage a widely varying workload level, without the staffing disruptions/turmoil experienced over the last few years due to decreases in CIP funding, and to provide improved control and coordination of projects in the City's right-of-way and enhanced transportation system engineering and operations.

Appendix A contains a list of the key recommendations from the Engineering BPR Study.

Proposed Staff Transfers to E&CP:

The Engineering BPR study has resulted in a reorganization plan that will consolidate most engineering services and support into a centralized Engineering & Capital Projects Department (E&CP). The consolidation will affect staff in five departments: Engineering & Capital Projects Department, General Services Department, Metropolitan Wastewater Department, Park & Recreation Department, Planning Department, and Water Department. Current engineering staff located in these departments will transfer to Engineering & Capital Projects Department. This will allow the elimination of redundant supervisory and support positions for CIP related engineering functions. Additionally, six senior engineering staff who serve as Deputy City Engineers are currently located/budgeted in Development Services Department. To increase the accountability of these personnel to the City Engineer, organizationally, the six positions will be moved to the Engineering & Capital Projects Department. However, the six staff will continue to work in Development Service Department as part of the one-stop shop concept of operations.

The following depicts the planned transfers to Engineering & Capital Projects Department:



Due to budget submittal deadlines, the full organizational changes of the BPR recommendations were not reflected in the proposed FY 08 budget submittal. The remaining position reductions and relocations and changes to the Engineering & Capital Projects Department organizational structure in the budget, will be part of the FY08 mid-year adjustment.

The following is a comprehensive list of the engineering positions being relocated to Engineering & Capital Projects Department.

DEPARTMENT	CLASSIFICATION	FTE
MWWD	Account Clerk	1.00
	Administrative Aide II	1.00
	Assoc Engineer-Electrical	2.00
	Assoc Engineer-Civil	14.00
	Assoc Engineer-Mechanical	1.00
	Assoc Planner	2.00
	Asst Engineer-Civil	9.00
	Asst Engineer-Electrical	1.00
	Principal Engineering Aide	3.00
	Project Officer I	1.00
	Senior Engineer-Elect	1.00
	Senior Engineer-Mech	1.00
	Deputy Director	1.00
	Sr Civil Engineer	1.00
	Sr Clerk/Typist	2.00
	Sr Planner	1.00
	Sr Structural Engineer	1.00
	Student Engineer	0.50
	Word Processor Operator	2.00
Water	Assoc Engineer-Civil	6.00
	Asst Engineer-Civil	9.00
	Principal Engineering Aide	2.00
	Sr Civil Engineer	2.00
	Word Processing Operator	2.00
	Administrative Aide II	1.00
	Assoc Management Analyst	1.00
	Assoc Planner	1.00
Park & Recreation	Public Info Officer	1.00
	Project Officer II	3.00
	Project Officer I	2.00
	Assoc Engineer-Civil	6.00
	Park Designer	4.00
	Principal Engineering Aide	1.00
Development Services *	Assoc Management Analyst	2.00
	Sr Engineering Geologist	1.00
	Sr Land Surveyor	1.00
	Sr Traffic Engineer	2.00
	Sr Civil Engineer	2.00

DEPARTMENT	CLASSIFICATION	FTE
Planning	Asst Engineer-Traffic	2.00
	Assoc Engineer-Traffic	2.00
	Sr Traffic Engineer	2.00
General Services	Sr Planner	1.00
	Assoc Planner	1.00
	Public Works Supervisor	1.00

* 6 FTE (deputized City Engineers) from DSD will have only reporting responsibilities to E&CP.

The proposed FY08 budget reflects the 80.5 vacant position savings as shown in Appendix B and transfer of 18 Park & Recreation positions to Engineering & Capital Projects Department as identified in above table.

In addition to the relocation and reduction of positions, 15 positions will be reclassified to meet the staffing needs of the new organization. The following lists the positions to be reclassified:

CURRENT POSITION CLASSIFICATION	PROPOSED POSITION CLASSIFICATION
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Asst Engineer-Traffic
Asst Engineer-Civil	Assoc Engineer-Structural
Asst Engineer-Civil	Assoc Engineer-Traffic
Asst Engineer-Civil	Scheduler I (Asst Engineer)
Asst Engineer-Civil	Sr Drafting Aide
Asst Engineer-Civil	Sr Drafting Aide
Deputy Director	Assistant Department Director
Land Surveying Asst	Sr Mgmt Analyst
Project Assistant	Principal Engineering Aide
Project Officer I	Scheduler II (Assoc Engineer)
Sr Civil Engineer	Senior Mgmt Analyst
Sr Planner	Supervisory Mgmt Analyst

The net result of the proposed recommendations is an engineering organization with enhanced processes and structure, and with 89.5 fewer positions than the pre-BPR engineering organizations. The additional 9 positions that will be reduced with the rest of the organizational changes are shown in Appendix C. The proposed organization chart is shown in Appendix D.

Position Reductions & Annual Savings:

Vacant positions to be cut in FY08 Budget: 80.5 FTE (See Appendix B)

Annual savings beginning in FY08 will be as follows:

Baseline PE funding:	\$62,876,123/year
<u>Proposed PE cuts/reclassifications:</u>	<u>\$ 6,834,939/year</u>
Total Proposed PE funding:	\$56,041,184/year

Baseline NPE funding:	\$12,328,549/year
<u>Proposed NPE cuts:</u>	<u>\$ 0/year</u>
Total Proposed NPE funding:	\$12,328,549/year

TOTAL FY08 COST SAVINGS: \$ 6,834,939/year

Additional position cuts (FY08 mid-year adjustment): 9.0 FTE (See Appendix C)

Additional annual savings to be realized upon full implementation of the BPR recommendations:

Proposed PE cuts/reclassifications:	\$ 994,109/year
<u>Proposed NPE cuts:</u>	<u>\$ 358,000/year</u>

TOTAL ADDL COST SAVINGS: \$ 1,352,109/year

GRAND TOTAL COST SAVINGS: \$ 8,187,048/year

Performance Measures

During the BPR study, the team started the development of the Department Management Program for Engineering & Capital Projects Department. During this effort, the team developed the re-engineered department's mission and vision statements and strategic goals and objectives. From the strategic objectives, the department's new performance measures and standards were developed. The following are key performance measures developed for the new organization:

1. Customer Satisfaction

Measure: Customer Satisfaction as measured through customer surveys

Standards:

- 80% of respondents giving rating of 4 or better (out of five)
- Increase by 2% per year until 90% of respondents give rating of 4 or better

2. Project Delivery - Cost

Measure: Percent deviation of actual cost as compared to estimated cost

Standards:

- For total project cost, less than 20% deviation
- For the project's soft costs (Design, CM and Project Delivery), less than 10% deviation

3. Project Delivery - Timeliness

Measure: Percent of projects delivered within the project's baseline schedule

Standard: 80% of actual project schedules meet or shorter than the baseline schedule

4. Project Quality

Measures:

- Planning Quality – Project scope changes during design
- Design Quality – Change orders during construction

Standard:

- No scope changes required during design
- Change order rate less than 5% of construction cost

SUMMARY

The BPR proposal will reduce the centralized engineering organization by 80.5 full time equivalents (FTE) positions from the FY 2007 in the FY 2008 budget. An additional 9 positions will be eliminated during FY08, and will be removed during the mid-year adjustment. The staffing reductions/reclassifications are accomplished while maintaining all core services and creating enhanced service levels in the areas of CIP preliminary and technical engineering services, transportation system engineering and operations, life cycle asset management, and centralized general requirements contracting among others.

Core engineering and management processes will be standardized across the department through the development of standard operating procedures, and improved project delivery methodology facilitating consistency and greater efficiencies with improved customer services delivered.

The functional consolidation of divisions, and consolidated centralization of engineering functions enables the elimination of several supervisory and administrative support positions along with other positions identified as redundant or unnecessary based on projected baseline CIP workload in the proposed structure.

Reductions (includes all proposed eliminated positions):

➤ Senior Supervisory Positions	8.0 FTE	(9%)
➤ Mid-Level Supervisory Positions	12.5 FTE	(12%)
➤ All Other Positions	69.0 FTE	(77%)
➤ Total	89.5 FTE	

FISCAL CONSIDERATIONS:

Budgetary Impacts: The annualized savings in FY08 related to recommendations of this BPR proposal is estimated at \$6,834,939. Additional annual savings of \$1,239,432 are expected upon full implementation of the BPR recommendations.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Departments included the labor union (MEA) in the BPR effort, as well as a number of external stakeholders with background and familiarity with the Department's operations. The Department also conducted benchmarking on many aspects of operations.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

As this BPR proposes position reductions and changes in working conditions, this proposal will go through Meet and Confer with MEA. The BPR proposal has not been finalized in all aspects and is subject to the outcome of Meet and Confer.



Patti Boekamp
Engineering & Capital Projects Department Director



R. F. Haas
Deputy Chief of Public Works

- Attachments:
- A. Summary of BPR Recommendations
 - B. Summary of Position Reductions in FY08 Budget
 - C. Summary of Additional Position Reductions (not in FY08 Budget)
 - D. E&CP Proposed Org. Chart